STATE OF IOWA

DEPARTMENT OF COMMERCE

UTILITIES BOARD

IN RE: AREA CODE 319 RELIEF PLAN	DOCKET NO. SPU-99-30

ORDER ADOPTING GEOGRAPHIC SPLIT

(Issued November 16, 2000)

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INTRODUCTION

On October 29, 1999, Lockheed Martin IMS[1], the North American Numbering Plan Administrator (NANPA), filed a recommendation for area code number relief in the 319 Numbering Plan Area (NPA). The recommendation was filed on behalf of the Iowa telecommunications industry in the affected area. At that time, NANPA projected the 319 area code would run out of central office codes during the third quarter of 2002. (Petition at p. 1.) The industry recommended the Utilities Board (Board) adopt a new all-services distributed overlay area code on the entire 319 area code to provide additional central office codes. (Petition at p. 7.)

NANPA filed the recommendation with the Board pursuant to 47 C.F.R. § 52.19(a) (1999), which delegates responsibility to the Board to determine the most appropriate form of relief when an Iowa area code is near exhaustion. Any Board action must be consistent with the applicable federal guidelines.

JURISDICTION

The Federal Communications Act of 1934, as amended by the Telecommunications Act of 1996, gives the FCC plenary jurisdiction over numbering issues in the United States. 47 U.S.C. § 251(e)(1). The statute permits the FCC to delegate all or a portion of its jurisdiction to state public utility regulatory bodies such as the Board.

[1] Lockheed Martin IMS subsequently changed its name to NeuStar, Inc.

The FCC exercised its authority to delegate to state agencies when it adopted 47 C.F.R. § 52.19(a), which provides:

> State commissions may resolve matters involving the introduction of new area codes within their states. Such matters include, but are not limited to: Directing whether area code relief will take the form of a geographic split, an overlay area code, or a boundary realignment; establishing new area code boundaries; establishing necessary dates for the implementation of area code relief plans; and directing public education and notification efforts regarding area code changes.

Any state action pursuant to this delegated authority must be "consistent with the guidelines enumerated in this part." See 47 C.F.R. § 52.19(b). Those guidelines include 47 C.F.R. § 52.9(a), which requires that the state agency's decision must "facilitate entry into the telecommunications marketplace" by making numbers available "on an efficient, timely basis;" must "not unduly favor or disfavor any particular telecommunications industry segment or group of telecommunications consumers;" and must "not unduly favor one telecommunications technology over another."

The Board is the state agency that regulates the rates and services of public utilities in Iowa, including telecommunications utilities. Iowa Code § 476.1 (1999). Relevant state standards that guide the Board in this matter include Iowa Code § 476.8, which requires that utilities furnish reasonably adequate service and facilities; Iowa Code § 476.95(1), expressing the state policy that communications services should be available throughout the state at just, reasonable, and affordable

rates from a variety of providers; and Iowa Code § 476.95(2), providing that the Board must act to further the development of competition in its regulation of telecommunications companies.

This docket presents mixed questions of legislative and judicial facts. For example, the choice between a split and an overlay appears to be a blend of policy and fact issues, while the details of implementing either form of relief may be more technical than fact-specific. Accordingly, the Board used a mixture of public comment meetings and formal hearing proceedings in this docket, reflecting the nature of the issues.

The Board emphasizes that its decision is amply supported by the evidentiary record assembled at the August 22, 2000, hearing in this docket. Further, this decision is consistent with the majority public opinion expressed at a series of ten public education and comment meetings and in the numerous written comments received from the general public.

PROCEDURAL HISTORY

As a part of its number administration duties, NANPA prepares a periodic report, known as a Central Office Code Utilization Survey (COCUS), to forecast the remaining life of area codes in the United States. Based upon the 1999 COCUS, NANPA estimated that the supply of central office codes in the 319 area code would be exhausted in the third quarter of 2002. (Petition at p. 2.) Following its standard procedures, NANPA invited the Iowa telecommunications industry in the 319 area

code to a meeting on September 8, 1999, at which the industry reached consensus to recommend an all-services distributed overlay for 319 area code. (Id.) NANPA then filed the petition that initiated this docket.

On March 31, 2000, the Board issued an order docketing NANPA's petition as Docket No. SPU-99-30 and establishing a procedural schedule. Pursuant to that schedule, the Board held ten public information and comment hearings in Waterloo, Dubuque, Clinton, Davenport, Iowa City, Cedar Rapids, Fort Madison, Mount Pleasant, Decorah, and Elkader. The Board also established a schedule for written comments and a formal hearing at which interested persons could submit sworn testimony regarding the issues in this docket.

Formal written comments or reply comments were filed by Qwest Corporation (Qwest), U. S. Cellular, GTE Midwest Incorporated (now Iowa Telecommunications Services, Inc.) (Iowa Telecom), South Slope Cooperative Telephone Company (South Slope), Verizon Wireless (Verizon), McLeodUSA Telecommunications Systems, Inc. (McLeod), and the Consumer Advocate Division of the Department of Justice (Consumer Advocate).

The formal hearing was held on August 22, 2000, at which time representatives of NANPA, Qwest, South Slope, Verizon, U. S. Cellular, and Consumer Advocate testified regarding their respective proposals for area code relief in the 319 area code. Briefs and reply briefs were subsequently filed by the interested parties.

ANALYSIS

1. The Major Alternatives

During the public meetings and the formal hearing in this docket, several relief options were discussed[2]. They generally fall into one of two categories: overlay or split. In an overlay, more than one area code will serve the same geographic area, that is, the new area code would serve the entire geographic area served by the 319 area code. In a split, the exhausting area code is divided into two or more geographic areas, leaving the existing number (319) to serve a smaller number of customers and assigning a new area code to the rest of the customers.

The split was "the alternative chosen for practically all [area code] relief situations prior to 1995"[3]. Since that time, however, overlays have gained acceptance as a relief alternative, particularly in states where multiple splits have resulted in geographically small area codes that are difficult to split again and again.

Each type of plan (split or overlay) has inherent advantages and disadvantages, some of which are as follows:

[2] A third possible alternative, rate center consolidation as a means to defer other forms of relief, was raised in Consumer Advocate's written comments. This alternative will be discussed below.
[3] "NPA Code Relief Planning Guidelines," INC-94-1216-004, Revision 1, 3/8/96, published by the Industry Carriers Compatibility Forum and sponsored by the Alliance for Telecommunications Industry Solutions (ATIS), at section 5.1.

Geographic split

Pros:

- Preserves 7-digit local dialing in most situations[4]
- Preserves geographic association with area codes
- Customers will not have different area codes in the same home or office
- All carriers are treated similarly
- Industry has extensive experience with splits

Cons:

- Requires about ½ (or 2/3, for a 3-way split) of all customers to change area codes, requiring changes to advertising, stationary, and notice to family, customers, and other regular callers
- May require re-programming of many mobile phones
- Boundary drawing can be difficult
- Subsequent splits can "splinter" a territory to an objectionable degree

Overlay

Pros:

- All existing customers retain 319 area code for current lines, minimizing costs to customers and carriers

Cons:

- Requires 10-digit dialing for all local calls within the overlay area
- Requires re-programming of many mobile phones and automatic dialers
- Not as competitively neutral as a split, since existing LECs typically have large inventories of unused numbers in the old (319) area code
- Existing advertising and directories with 7-digit numbers must be revised to include the area code

(Consumer Advocate's Initial Statement of Position at pp. 20.23.)

[4] Ten-digit dialing would be required for local calls in EAS areas that cross the area code boundary, but they would continue to be local calls.

Another disadvantage of an overlay is unique to the 319 area code: The Quad Cities have gone to some lengths over the years to preserve seven-digit dialing for local calls within their metropolitan area, despite the fact that such calls cross state lines, cross a major river, and connect exchanges served by different Bell Operating Companies, all in the interest of maintaining a special community of interest. Seven digit dialing for local calls across the river would almost certainly end if the Board were to adopt an overlay. (Tr. 87.)

2. Selection of Alternative

Based on a consideration of these factors and the information provided to the Board in this docket, the Board finds that a two-way split, identified as Alternative 12, is the best available solution for area code relief in the 319 area code. (A map showing Alternative 12 is attached to this order as Attachment A). The testimony at the formal hearing in this matter supports use of a split. For example, Consumer Advocate states that the overlay should be rejected in this proceeding because the disadvantages outweigh the potential advantages. An overlay would not be competitively neutral (because incumbent carriers would have disproportionate access to the 319 area code) and would force customers to dial ten digits, rather than seven, for all local calls. (Consumer Advocate Initial Statement of Position at p. 22.) At the same time, Consumer Advocate argues some of the potential advantages of an overlay may not apply to the 319 area code. For example, overlays are useful to prevent area code splintering, but Consumer Advocate does not see splintering as a

significant likelihood for this area code. (Consumer Advocate Initial Statement of Position at pp. 23-26.)

In addition, it was apparent from the public comments received in this docket (both oral and written) that a majority of the commenting public is opposed to an overlay. The main reason appeared to be the requirement of 10-digit dialing for all local calls, but various other concerns were also raised. Many also expressed concern that an overlay would reduce the existing geographic association between a community and its area code.

The Board must also consider the potential impact of a split or an overlay on carriers. Whichever form of relief the Board chooses, carriers will need to modify their switching equipment in order to recognize the new area code. Qwest submitted comments that the cost of implementing a split would be higher than the costs associated with an overlay. (Qwest Statement of Position at p. 15.) Otherwise, this record does not identify any significant differences between the split and overlay with respect to carrier impacts.

While the split vs. overlay cost differences identified by Qwest are significant, they are offset by the higher societal costs associated with an overlay. (Consumer Advocate Initial Statement of Position at pp. 26-28.) This record does not permit a specific quantification of all of the costs associated with either option, but it is beyond dispute, based upon the public comment in this docket, that the majority of the public perceives a high cost associated with ten-digit dialing for local calls, which is a

requirement primarily associated with an overlay. The Board finds these societal costs are an appropriate consideration in this docket, even if they have not been (and probably cannot be) reduced to specific dollar figures. The costs of different dialing patterns are no less real simply because they are not capable of easy quantification.

Another factor the Board considers is the projected life of the relief for each of the alternatives. The overlay option and the two-way split options are all projected to provide approximately seven years of area code relief, while the three-way split has a projected life of about 13 or 14 years. This appears to be an advantage to the three-way split, but that appearance may be misleading. All of these projections are based on NANPA's existing methodology, which does not consider any impact of possible number conservation measures. (Tr. 122.) Thus, if the Board is able to successfully implement number conservation measures, the life of the overlay or two-way split options will be extended beyond the seven-year projection. (Tr. 102.)

Of course, those measures would also extend the projected life of the three-way split, but that projection may be an illusion. There is a general concern in the industry that the entire North American Numbering Plan may exhaust in the next 8 to 12 years, meaning the system would run out of three-digit area codes. If this occurs, then the entire North American telecommunications system might have to be redesigned to use different dialing patterns, possibly including a nationwide increase in the number of digits required to dial local calls. In that event, the most significant benefit of a three-way split (preserving seven-digit dialing for local calls for a longer

period of time) would be lost. In other words, choosing a three-way split solely in order to extend the projected life of relief may amount to relying on a benefit that will never materialize, because intervening changes in the overall network may override those benefits.

3. The Other Alternatives

A. The Overlay

The telecommunications industry in Iowa recommended an all-services distributed overlay for the 319 area code. (Petition at p. 2.) Consumer Advocate, in contrast, recommended a geographic split. (Consumer Advocate Initial Statement of Position at p. 19.) The commenting public expressed general disfavor for ten-digit dialing for local calls, a mandatory feature of an overlay.

Overlays have many advantages and disadvantages. Of primary concern to the Board, however, is the fact that an overlay is not competitively neutral. In an overlay situation, most (if not all) new entrants in the market will be assigned numbers out of the new area code, while the incumbent local exchange carriers will still have a substantial pool of more desirable 319 telephone numbers. (Consumer Advocate Initial Statement of Position at pp. 10-11; Tr. 55.) This would provide the incumbents with a marketing advantage, particularly with existing customers who already have a 319 telephone number and who choose to add one or more new lines after the overlay is implemented. In that situation, only the incumbent local exchange carrier would be able to offer the customer new lines with 319 telephone numbers, a

clear marketing advantage. Even with new customers, the 319 area code may be preferable to some customers for some time into the future, as it would tend to give the appearance of an older, more established business. If an overlay is implemented, there is no way the Board can neutralize this built-in advantage for the established carriers. The Board finds this to be a significant disadvantage of the overlay alternative, one that could, by itself, justify rejection of an overlay. In fact, Qwest (an overlay proponent) stated that if the Board concludes that overlays are anticompetitive, the Board should reject the overlay and choose a split. (Tr. 181.)

Further, the Board is mindful of the public input in this proceeding, a substantial majority of which was opposed to ten-digit dialing. Of the written comments received in this docket, approximately 70 percent were favored a split over an overlay. While this is not determinative, it is a factor in the Board's decision.

B. Splits

The Board considered some 15 different split alternatives in this docket. The advantages and disadvantages of each are described in the initial statement of position filed by Consumer Advocate. Some of the alternatives have significant disadvantages without offsetting benefits; while they may have been worthy of initial consideration, the Board will not spend any further time on them when there are superior alternatives available. The viable alternatives can be briefly described as follows:

Alternative 12: This alternative, which can be described as a line running from Muscatine generally north and then northwest, is Consumer Advocate's preferred alternative. While the projected lives of the resulting areas are not very even, Consumer Advocate believes that the shorter projected life (4 years for Area A, which includes Cedar Rapids, Iowa City, and Waterloo/Cedar Falls) is long enough to pursue rate center consolidation (RCC), which should extend the life substantially. (Tr. 67.) Consumer Advocate prefers this alternative because it keeps the southern part of the area code (including Mount Pleasant, Fort Madison, and Keokuk) in the same area code as the cities along the Interstate 380 corridor. Consumer Advocate believes these customers identify more closely with the I-380 corridor than with the larger river cities. (Tr. 55.) This connection may strengthen as the Avenue of the Saints is developed in this region. This alternative affects four EAS routes.

Alternative 18: This is basically the same as Alternative 12, above, except it puts the southern part of the existing 319 area code into Area B, where Dubuque, Davenport, Clinton, and Muscatine are located. This alternative also affects only four known EAS routes and has projected lives of seven years for each side. Consumer Advocate points to the difference between Alternatives 12 and 18 as an indictment of NANPA's forecasting; there are only about 70,000 customers in the southern area, which does not appear to be a large enough customer group to cause such a large swing in the projected lives. (Tr. 60.) Still, this is Consumer Advocate's second choice.

Alternative 4: This is similar to Alternative 18, above, except the dividing line is located slightly farther west and it affects at least three more EAS routes, for a total of at least seven. (The actual total may be somewhat higher; only Qwest and Iowa Telecom provided EAS route information for every alternative.) The additional EAS routes affected are located in the communities north of Cedar Rapids.

Alternative 6: This is a modification of Alternative 4, above; the basic difference is that Waterloo, Cedar Falls, and the exchanges to the northwest are moved from the Iowa City and Cedar Rapids area to the area with the river cities. It affects at least 14 EAS routes and divides the I-380 corridor.

Alternative 11: This is an attempt to draw the straightest possible dividing line consistent with relatively even projected lives. The line runs almost straight north-northwest from Muscatine. Based on the 1999 COCUS forecast, it produced very even projected lives, but the 2000 COCUS results predict lives of five and nine years. The line affects at least 11 EAS routes.

One other alternative that bears mention is Alternative 10, the three-way split. This option has projected lives of 14, 14, and 13 years; it affects at least ten EAS routes. It also divides the I-380 corridor, with Cedar Rapids and Iowa City in one area code, Waterloo, Cedar Falls, and Dubuque in a second area code, and Clinton, Davenport, Muscatine, and the southern cities in the third area code. The Board rejected a three-way split in the 515 relief proceeding, primarily because the alternative requires an additional area code (hastening the exhaustion of the entire

North American Number Plan) in order to obtain relief that may never materialize (as described previously, the entire numbering system may be changed before any of the two-way splits are exhausted, particularly if RCC and thousand-block number pooling (TBNP) are effective in extending the lives of whatever alternative is selected).

As indicated above, the Board will choose Alternative 12, as recommended by Consumer Advocate, with the understanding that it requires a commitment to number conservation (Tr. 31), probably including large-scale RCC. This choice affects the minimum number of EAS routes, so it should minimize interference with existing local calling patterns. The four-year projected life for the Area A of Alternative 12 should be sufficient to implement significant number conservation strategies, primarily RCC, which are not factored into the existing projections (Tr. 67, 89) and, according to Consumer Advocate's witness, will significantly extend the actual life of the new area codes. (Tr. 32, where the witness states that if all of 319 were one rate center, it would have a life of 30 to 50 years.)

RATE CENTER CONSOLIDATION

In its written comments, Consumer Advocate raised the possibility of implementing large-scale rate center consolidation (RCC) as an alternative to any form of area code relief. However, the testimony of Consumer Advocate's witness at the formal hearing cast doubt on the validity of RCC as an alternative to the current round of area code relief. The Board finds that RCC is not a viable alternative to this

round of area code relief, although it is apt to be a critical step in delaying, or even avoiding, future area code relief needs.

Consumer Advocate suggests that the Board could consolidate the existing 249 rate centers in the 319 area code into one, two, or a few rate centers. (Tr. 17.) This would result in much more efficient number assignment as new LECs enter the telecommunications market, since they would no longer need to obtain numerous blocks of telephone numbers in order to serve multiple rate centers. Consumer Advocate estimated the cost of making each LATA[5] in Iowa into a single rate center by dividing the total intraLATA toll traffic revenues for Iowa by the total number of access lines in Iowa, arriving at an average increase in the rate for a local access line of approximately $4.36 per month. (Tr. 96-97.) This increase would be offset by elimination of intraLATA toll charges, such that the average customer would be indifferent, but individual customer bills would be affected differently. Customers who make no intraLATA toll calls would perceive a local rate increase without any offsetting benefit, while customers who make more than the average volume of intraLATA toll calls would experience a decrease in their overall bill for telecommunications services.

The effect of large-scale RCC on numbering efficiency should be very beneficial. Today, if a new CLEC were to offer service to all customers located in the 319 area code, the CLEC would need at least 249 separate blocks of 10,000

[5] A LATA is a Local Access Transport Area, which is a geographic area within which a former Bell Operating Company is permitted to carry interexchange toll traffic.

numbers, regardless of the number of customers the CLEC might reasonably be expected to serve in the foreseeable future. Three such CLECs would consume an entire new area code, with 751 available central office codes. (It is unlikely any CLEC will enter the entire 319 area code at one time, but it is possible that one or more CLECs will enter 50 or 60 rate centers at a time, which could consume the available number blocks in short order.)

If the existing 319 area code were consolidated into two rate centers (matching the boundaries of the two existing LATAs, for example), a new entrant would need only two blocks of 10,000 numbers to cover the entire area. Moreover, if RCC were combined with TBNP, it is possible that a new entrant could start with only a thousand telephone numbers in each rate center, perhaps derived from some of the 319 numbers already issued. The existing 319 area code has almost 8 million usable telephone numbers in it, and only about 2 million telephone numbers in use, so there should be a supply of over 5 million telephone numbers currently available but unused.

The benefits of RCC are clear. However, the testimony of Consumer Advocate's witness raises serious questions about the viability of his RCC proposal for use in this proceeding.

Consumer Advocate's witness recognized the general nature of the issues the Board would have to address in implementing RCC, such as revenue effects and stimulation of traffic levels, which may require construction of new facilities. (Tr. 29.)

Large-scale RCC also creates potential problems with existing extended area service (EAS) arrangements and local calling areas that currently cross state lines (for example, in the Quad Cities). RCC could have negative impacts on these local calls. (Tr. 21-22.) Consumer Advocate's witness opined that the engineering studies necessary to consider these problems could be completed in approximately four months. (Tr. 30.) The witness further stated that upon completion of the studies, the industry would need 12 months from the issuance of a Board order to implement large-scale RCC (Tr. 65, 85), meaning a minimum of 16 months to implement RCC. The witness's schedule does not allow any time for the Board to review and analyze the engineering studies and decide any issues that may arise. It would probably take at least three or four months to analyze the studies, give notice, hold a hearing, and issue a decision on any contested issues; and even that time frame is probably unrealistic. Thus, the bare minimum time to implement large-scale RCC is 19 or 20 months, and reality is probably at least 24 months, based on the time estimates of Consumer Advocate's witness.

The 319 NPA is projected to run out of central office codes in the fourth quarter of 2001, about 12 months from the present. Thus, even on Consumer Advocate's schedule, the remaining life of the 319 area code is insufficient to permit implementation of RCC as an alternative to area code relief.

This lack of time becomes even more problematic when other factors are considered. For example, the Qwest witness disagreed with Consumer Advocate's

estimated schedule. He estimated the industry would require a minimum of 12 to 18 months to develop a final plan for large-scale RCC, followed by another 12 months or so for implementation. (Tr. 159, 168.) This is a substantially longer time than the remaining life of the 319 area code. Further, Consumer Advocate's witness admitted that RCC had never been done on the scale he was proposing (Tr. 69), which means his time projections are estimates that are not based on actual experience. Consumer Advocate's witness also noted that at least one state, California, is now in court over its failure to implement timely area code relief, consistent with the NANPA forecasts (Tr. 75); it is not in the public interest to risk the delays and uncertainty associated with a court action in order to pursue an experiment in large-scale RCC in the 319 area code.

Consumer Advocate recognized that others disagree with its opinion (Tr. 68), but nonetheless asserted that RCC can be accomplished within the remaining life of the 319 area code. (Tr. 38.) Consumer Advocate's witness responds to the apparent lack of time with two points. First, he urges the Board to be skeptical of NANPA's projected remaining life for the 319 area code, which has not been independently validated. (Tr. 86.) Second, he suggests that just beginning the process of RCC may effectively extend the life of the 319 area code, because potential new entrants might delay entry in order to be able to enter the market more efficiently when there are fewer rate centers. (Tr. 66.)

The Board agrees with Consumer Advocate that the NANPA forecasts should be considered with caution, but the fact is the projected remaining life is just as likely to be too short as too long. Even if one dismisses the NANPA projection as unreliable, that does not automatically mean the 319 area code will last longer than projected; its remaining life may well be shorter. Further, the announcement of a large-scale RCC project could actually encourage early entry by new LECs, rather than delay entry; if 319 central office codes are viewed as an increasingly scarce resource, it is possible that new entrants would enter early in order to reserve some of the existing numbers.

Thus, the Board finds that RCC is not a viable alternative to area code relief in this docket. This does not mean the Board will ignore RCC; if anything, the record in this docket indicates that RCC or other number efficiency measures must be considered and implemented if there is to be a realistic chance of delaying or avoiding the need for a second round of area code relief in a few years. The Board has already initiated a separate docket to consider RCC, thousands block number pooling, and other number efficiency measures. See "Order Initiating Inquiry" issued October 11, 2000, in Docket No. NOI-00-3, Re: Efficient Use Of Telephone Numbering Resources. The Board will address all of these options on a statewide basis in that docket.

IMPLEMENTATION DATES

In the NANPA petition, the Iowa telecommunications industry offered a consensus recommendation for implementing an overlay in the 319 area code, with permissive dialing beginning on August 4, 2001, and mandatory dialing on February 4, 2002[6]. NANPA stated that "[a]dhering to the proposed timeframe will avoid the denial or delay of service to telecommunications providers' customers due to the unavailability of CO codes." (Petition at p. 4.) However, the industry's recommendation and the NANPA statement were both made before May of 2000, when NANPA released new COCUS results and the projected exhaust date for the 319 area code was changed from the third quarter of 2002 to the fourth quarter of 2001, a nine-month acceleration. If the Board were to adopt the original industry recommendations, the 319 area code would be likely to enter "jeopardy status."

Jeopardy status is the NANPA designation for an area code that does not have enough available central office codes to last until area code relief is implemented based upon forecasted demand. When jeopardy is declared, central office codes are allocated by a rationing system; only a limited number of central office codes will be assigned each month, even if the carriers request more. Rationing of central office codes can help extend the life of an existing area code while relief is implemented, but it can also have serious adverse impacts for

[6] A "permissive dialing" period is a time during which calls can be made using either the old or new dialing system (7 or 10 digits for local calls, for an overlay), while "mandatory dialing" requires that all calls be dialed using the new system (10 digit dialing for an overlay, the new area code for a split).

customers and carriers. The Board finds that it should not adopt implementation dates that will force the 319 area code into jeopardy unless absolutely necessary. At the same time, the Board is mindful that there are many benefits to an adequate implementation period, one that will allow development of high-quality customer education programs and a sufficient permissive dialing interval to minimize the costs of implementing area code relief. The Board's main concern is to allow a long enough permissive dialing period to permit small businesses and other customers to minimize the costs and inconveniences associated with area code relief. (Tr. 48.) Generally speaking, the costs associated with changing stationery, advertising, signs, catalogs, etc., are reduced or eliminated if the permissive dialing period is long enough for customers to make the changes when they would normally order more stationery, update their advertising, print and distribute new catalogs, etc. The same may be true for reprogramming of cellular telephones; the wireless service providers should be able to minimize the costs of a split if they have more time to reprogram customer phones.

The Board finds that, due to the shortened projected life of the 319 area code, continued adherence to the industry-recommended implementation dates may not allow the Board to "avoid the denial or delay of service due to the unavailability of CO codes." The potential jeopardy situation adds urgency to the Board action in this docket. This urgency is balanced, however, by the need to allow sufficient time for the development and implementation of high-quality customer education programs

and for customers to prepare for the split, in order to minimize the consumer costs associated with this change. Accordingly, the Board intends to make the permissive implementation date March 4, 2001, and the mandatory implementation date September 9, 2001. Because the record on this issue is not as complete as the Board would like, the Board will specifically invite comment from the parties regarding these dates and will reconsider them if the comments strongly support a change.

ASSIGNING THE NEW AREA CODE

The next question the Board must decide is where to assign the new area code and the 319 area code after the split. Nearly all of the parties to the formal hearing agreed with the general principles for assignment of the new area code, but most of the parties were unwilling to express an opinion regarding application of those principles to the 319 area code. Qwest, however, indicated that if Alternative 12 is selected by the Board, Area A should retain the 319 area code. (Qwest Statement of Position at p. 13.)

Consumer Advocate analyzed the issue and recommended the Board assign 319 in a manner that will minimize the total societal costs of implementing the split, but Consumer Advocate was unable to determine which side that would be. (Tr. 13, 93-95.) Using Alternative 12 to illustrate the recommended analysis, Consumer Advocate noted that Area A (including Waterloo, Cedar Rapids, and Iowa City) includes two major state universities, which may have alumni located around the world, some in places where it may be very difficult to notify them of an area code

change. Meanwhile Area B (with Davenport and Dubuque) has an unusual situation in terms of the similarity of area codes in the Quad Cities area (319 and 309) and the fact that customers along the river are already presented with the annoyance of dealing with multiple area codes from Wisconsin and Illinois. (Id.) Further, Davenport is part of the 107th largest MSA in the United States, with significant international trade that also presents the problem of notifying remote international callers of any area code change.

Another factor to be considered is the statement from Verizon that most of their wireless customers are located in Area A in each of the most likely split alternatives, such that Verizon's reprogramming costs will be minimized if Area A retains the 319 area code. (Tr. 186.) There is nothing in the record to indicate how other wireless service providers would be affected.

Other reasons for assigning 319 to Area A in Alternative 12 include the fact that there are more access lines, and therefore more people, in Area A so assigning 319 there will minimize the total cost of the split, and the fact that NANPA projects a new area code in Area A may last as little as four years. That projection does not reflect the possible effect of RCC and TBNP, and the record in this case is clear that effective number conservation measures will extend the life of any alternative. Nonetheless, there is a chance with Alternative 12 that it may be necessary to implement another round of area code relief in Area A well before similar measures are required in Area B. If the customers in Area A were required to change their area

code in this round of relief, and the new area code is then split again, approximately half of the customers in Area A would be required to change their area code twice while the customers in Area B would never have made a change. It is appropriate to assign the existing area code to the area with the shorter projected life, even when the Board has doubts about the accuracy of the projections, in order to minimize the chance of forcing any customer to change his or her area code twice. Thus, Area A in Alternative 12 will keep 319 and Area B will receive the new area code. It is the Board's understanding that the new number will be assigned by NANPA shortly after issuance of this order.

WIRELESS INDUSTRY GRANDFATHERING

This is an issue that was not raised in Docket No. SPU-99-22, the 515 area code relief proceeding. In this docket, Verizon has proposed that if the Board decides to implement a split, the Board should allow "permissive grandfathering" of existing wireless service customers. (Verizon comments at pp. 1-6.) This would permit existing cellular and PCS customers in the split area that receives a new area code to choose whether to have their telephone reprogrammed to the new area code or to maintain their existing area code. (Tr. 188.) The advantage for the customer and the service provider is that if the customer chooses to keep the old area code, no reprogramming is necessary. The main disadvantage is that two matching sets of central office codes must be assigned to the wireless service provider so it can offer the customer this choice. (Tr. 189-90.)

In the 319 area code, permissive grandfathering of wireless companies would require immediate assignment of 99 new central office codes (out of the 751 codes available in the new area code), or almost 1,000,000 new telephone numbers, to serve an existing group of customers. (Tr. 189.) The potential effect of grandfathering is not included in NANPA's projected lives for the various alternatives (Tr. 107-08), so there is no official estimate of how much those projected lives would be shortened by permissive grandfathering.

An example may better illustrate this point. Consider a current wireless customer has the telephone number 319-555-xxxx. The customer lives in the area

that is assigned a new area code in a split. (Area B in Alternative 12, for instance.) Under Verizon's permissive grandfathering proposal, that customer would have the choice of keeping his or her 319 number or changing to the same seven digit telephone number with the new area code. In order to make this option available to the customer, Verizon would have to be assigned two matching blocks of 10,000 numbers to serve a single group of customers: 319-555-xxxx and [new code]-555-xxxx. This is true even though Verizon would not immediately need those additional blocks to serve new customers (and may not ever need all of the duplicate blocks for new customers).

Verizon asserts that this represents a balance of inconveniences; the wireline customers (and all customers in general) are inconvenienced by the potential for exhausting the new area code faster, while the wireless customers are inconvenienced to the extent they either (a) have to reprogram their telephones or (b) maintain an area code that does not match the area in which they are located. (Tr. 205-06.)

Consumer Advocate objects to Verizon's proposal. Consumer Advocate believes that the costs and inconveniences of implementing a split do not fall disproportionately on wireless customers; wireless and wireline customers are both inconvenienced by a split. (Tr. 49-53.) While wireless customers may need to have their telephones reprogrammed, wireline customers may have to reprogram autodialing devices in their telephones, facsimile machines, computers, burglar

alarms, and other devices. Meanwhile, wireline customers may have to reprint stationery, advertising, catalogs, and the like, while many wireless customers choose not to publish their telephone number (because they may have to pay for incoming calls), so they have comparatively little expense in this area. Consumer Advocate compares the costs and inconveniences of wireless and wireline customers and concludes that the burdens, while different, are comparable. (Id.) A number of other states have come to the same conclusion and rejected requests for cellular permissive grandfathering. (Tr. 49.)

The Board will reject Verizon's permissive grandfathering proposal. One of the principle causes of the number exhaust problem is wasteful assignment of telephone numbers; it would be inappropriate to expend almost 100 blocks of telephone numbers immediately in order to relieve wireless customers from the inconvenience of having their telephones reprogrammed, thereby shortening the projected relief resulting from this proceeding.

Verizon also discussed the possibility of mandatory grandfathering, or "true" grandfathering (Tr. 187), although Verizon did not specifically propose the mandatory approach. (Tr. 188, 205-06, and Verizon's written comments.) With mandatory grandfathering, the wireless customer is required to keep his or her 319 telephone number; customers in Area B could not choose to switch to the new area code. Under this option, Verizon (and other wireless service providers) would not require double sets of central office codes, so the waste of numbering resources would be

reduced or eliminated. However, mandatory grandfathering would impose other burdens on customers in Area B. They would have different area codes for their wireline and wireless telephones. A person in Area B placing a local call to a wireless customer in Area B might think it was a toll call, because the area code would be different and because at least ten digits would have to be dialed to place the call. Because no party specifically proposed mandatory grandfathering, the advantages and disadvantages of this approach were not explored in any depth at the formal hearing, and the Board finds that the existing record does not support imposing mandatory grandfathering on wireless customers in Area B.

CUSTOMER EDUCATION

The final issue addressed by the interested parties in this proceeding was the customer education campaign. Some of the parties expressed dissatisfaction with the process used in the 515 area code relief proceeding, while others recommended using the same process in 319. The least satisfied group appeared to be the wireless carriers, who felt a wireline-based campaign was not timed to suit their own needs (they prefer a more front-loaded campaign to encourage customers to re-program their telephones early in the permissive dialing period). (Tr. 195-98.) The Board will use the 515 area code customer education program as a model, with certain modifications to improve the process, based on the experience in the earlier docket.

First, all carriers that choose to participate in the organized education campaign should contribute to the cost of the campaign on an equal basis (i.e., same contribution per customer, or per access line, or per telephone number, or whatever other basis the participants may agree upon). Each participant should acknowledge and accept this obligation, in writing, prior to participating in the committee meetings.

Second, any carrier may choose not to participate if that carrier believes its own program will better serve its needs and the needs of its customers.

Third, the Board will direct the education committee to consider advertising the new split in industry publications. In the 515 area code split, the Board has learned that some telephone companies located outside Iowa failed to implement the split prior to the permissive dialing date, as required by industry guidelines[7]. These companies appear to include both interexchange and local exchange service providers and wireline and wireless service providers. As a result, during the permissive dialing period some customers in the area served by the new area code have been unable to receive some interstate calls using the new area code ("641"). Because the 641 number is not functional on the first day of permissive dialing, the permissive dialing period is shortened. This tends to increase the costs associated with a split. Because these carriers typically operate outside Iowa, they may not be

[7] "Industry Notification of NPA Relief Activity Guidelines," ICCF 92-1127-006, Revised ICCF29 (7/93), providing that all routing changes "should be made to direct calls to the new [area code] beginning on the relief date [the first day of permissive dialing]. Such changes should be made prior to the relief date, rather than after the relief date during the permissive dialing period. If customers cannot dial the new [area] code during the permissive period because some carriers were unable to complete the necessary effort on the relief date, the usefulness of the permissive dialing period is negated."

within the Board's jurisdiction and the Board cannot take direct action. If, however, the industry is adequately informed of the new split, then there should be no excuse for failing to make the necessary changes in a timely manner, that is, prior to the beginning of permissive dialing (March 4, 2000, in this proceeding).

Finally, a Board staff member will be appointed as a non-voting presiding chair of the committee. This will allow all company representatives to participate more freely in the process.

ORDERING CLAUSES

IT IS THEREFORE ORDERED:

1. A geographic split, as shown on Attachment A to this order (and incorporated herein by this reference), is hereby approved to provide relief from the imminent exhaustion of central office codes in the 319 area code. The area designated Area A on Attachment A shall retain the 319 area code and Area B shall receive the new area code.

2. The permissive dialing period shall begin on March 4, 2001, and the mandatory dialing period shall begin on September 9, 2001.

3. A customer education committee shall be created to develop and, where appropriate, coordinate the customer education efforts associated with the split. The committee shall include all interested telecommunications industry representatives that commit to paying an equitable share of the cost of the education campaign, along with representatives of the Board's staff and Consumer Advocate.

The meetings will be chaired by a member of the Board's staff, who will be designated by the Board. The chair shall not vote on decisions made by the committee. The first meeting of the committee shall take place within 15 days of the date of this order. After each meeting, the committee shall file a progress report in this docket for the Board's consideration. The first such report shall be filed no later than 25 days after issuance of this order.

4. Any interested person may request reconsideration of any part of this order by filing such a request within 20 days of the date of this order. The Board is particularly interested in such requests as they may relate to the accelerated implementation dates specified in Ordering Clause No. 2, above.

UTILITIES BOARD

/s/ Allan T. Thoms

/s/ Susan J. Frye

ATTEST:

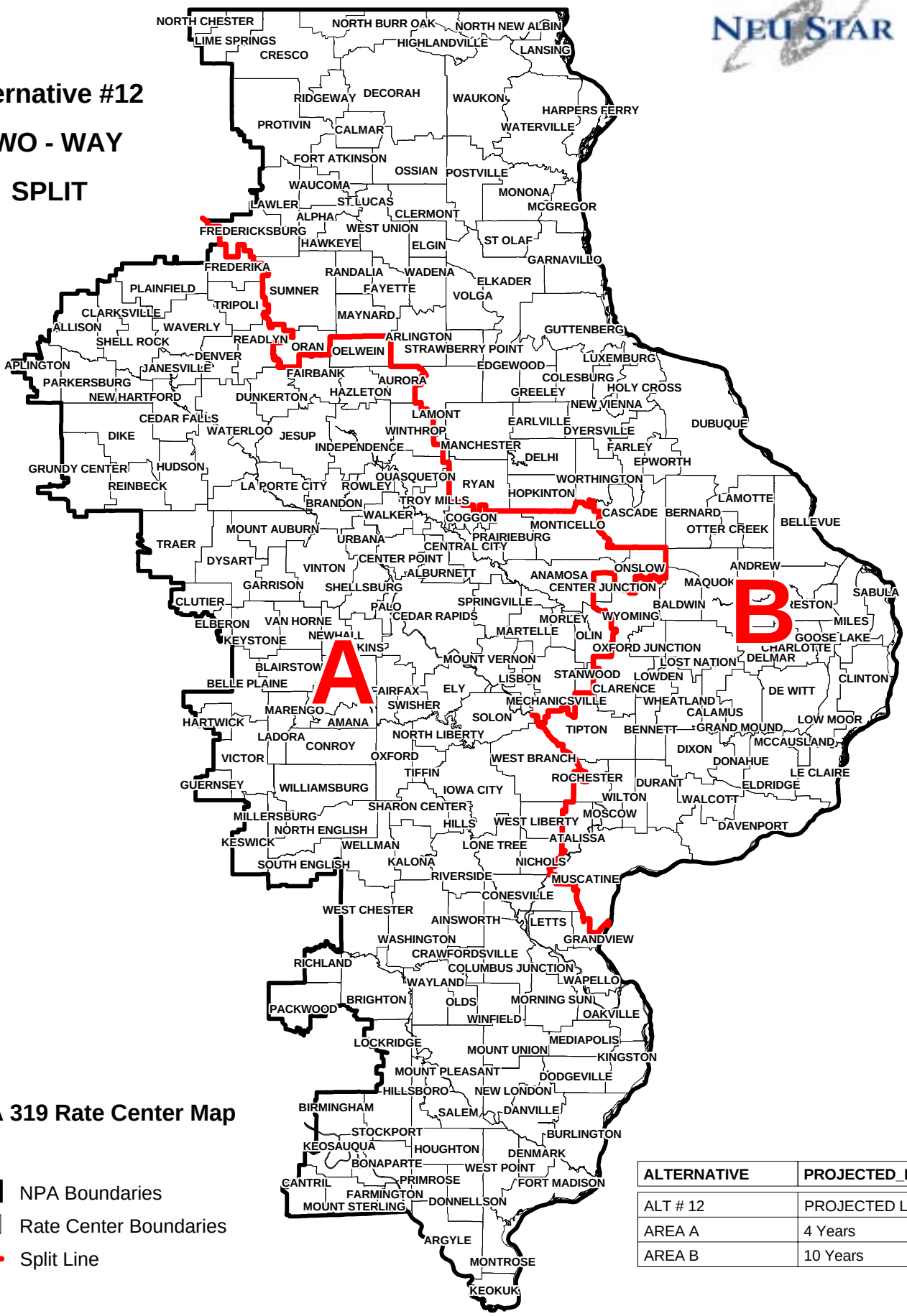
/s/ Raymond K. Vawter, Jr. /s/ Diane Munns
Executive Secretary

Dated at Des Moines, Iowa, this 16th day of November, 2000.

Alternative #12

TWO - WAY

SPLIT



NPA 319 Rate Center Map

NPA Boundaries

Rate Center Boundaries

Split Line

ALTERNATIVE	PROJECTED_LIVES
ALT # 12	PROJECTED LIVES
AREA A	4 Years
AREA B	10 Years

Produced by CDS Business Mapping 3/30/2000